

103D CONGRESS
1ST SESSION

S. 762

To amend the Internal Revenue Code of 1986 to simplify the pension laws,
and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 2 (legislative day, MARCH 3), 1993

Mr. PRYOR (for himself, Mr. BAUCUS, Mr. BOREN, Mr. BREAU, and Mr. SARBANES) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to simplify
the pension laws, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; AMENDMENTS OF 1986 CODE.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Pension Simplification Act of 1993”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
 2 sion of the Internal Revenue Code of 1986.

3 **TITLE I—SIMPLIFIED** 4 **DISTRIBUTION RULES**

5 **SEC. 101. REPEAL OF 5-YEAR INCOME AVERAGING FOR** 6 **LUMP-SUM DISTRIBUTIONS.**

7 (a) IN GENERAL.—Subsection (d) of section 402 (re-
 8 lating to taxability of beneficiary of employees’ trust) is
 9 amended to read as follows:

10 “(d) TAXABILITY OF BENEFICIARY OF CERTAIN
 11 FOREIGN SITUS TRUSTS.—For purposes of subsections
 12 (a), (b), and (c), a stock bonus, pension, or profit-sharing
 13 trust which would qualify for exemption from tax under
 14 section 501(a) except for the fact that it is a trust created
 15 or organized outside the United States shall be treated
 16 as if it were a trust exempt from tax under section
 17 501(a).”.

18 (b) CONFORMING AMENDMENTS.—

19 (1) Subparagraph (D) of section 402(e)(4) (re-
 20 lating to other rules applicable to exempt trusts) is
 21 amended to read as follows:

22 “(D) LUMP-SUM DISTRIBUTION.—For pur-
 23 poses of this paragraph—

24 “(i) IN GENERAL.—The term ‘lump
 25 sum distribution’ means the distribution or

1 payment within one taxable year of the re-
2 cipient of the balance to the credit of an
3 employee which becomes payable to the re-
4 cipient—

5 “(I) on account of the employee’s
6 death,

7 “(II) after the employee attains
8 age 59½,

9 “(III) on account of the employ-
10 ee’s separation from service, or

11 “(IV) after the employee has be-
12 come disabled (within the meaning of
13 section 72(m)(7)),

14 from a trust which forms a part of a plan
15 described in section 401(a) and which is
16 exempt from tax under section 501 or from
17 a plan described in section 403(a).
18 Subclause (III) of this clause shall be ap-
19 plied only with respect to an individual
20 who is an employee without regard to sec-
21 tion 401(c)(1), and subclause (IV) shall be
22 applied only with respect to an employee
23 within the meaning of section 401(c)(1).
24 For purposes of this clause, a distribution
25 to two or more trusts shall be treated as

1 a distribution to one recipient. For pur-
2 poses of this paragraph, the balance to the
3 credit of the employee does not include the
4 accumulated deductible employee contribu-
5 tions under the plan (within the meaning
6 of section 72(o)(5)).

7 “(ii) AGGREGATION OF CERTAIN
8 TRUSTS AND PLANS.—For purposes of de-
9 termining the balance to the credit of an
10 employee under clause (i)—

11 “(I) all trusts which are part of
12 a plan shall be treated as a single
13 trust, all pension plans maintained by
14 the employer shall be treated as a sin-
15 gle plan, all profit-sharing plans main-
16 tained by the employer shall be treat-
17 ed as a single plan, and all stock
18 bonus plans maintained by the em-
19 ployer shall be treated as a single
20 plan, and

21 “(II) trusts which are not quali-
22 fied trusts under section 401(a) and
23 annuity contracts which do not satisfy
24 the requirements of section 404(a)(2)
25 shall not be taken into account.

1 “(iii) COMMUNITY PROPERTY LAWS.—

2 The provisions of this paragraph shall be
3 applied without regard to community prop-
4 erty laws.

5 “(iv) AMOUNTS SUBJECT TO PEN-
6 ALTY.—This paragraph shall not apply to
7 amounts described in subparagraph (A) of
8 section 72(m)(5) to the extent that section
9 72(m)(5) applies to such amounts.

10 “(v) BALANCE TO CREDIT OF EM-
11 PLOYEE NOT TO INCLUDE AMOUNTS PAY-
12 ABLE UNDER QUALIFIED DOMESTIC RELA-
13 TIONS ORDER.—For purposes of this para-
14 graph, the balance to the credit of an em-
15 ployee shall not include any amount pay-
16 able to an alternate payee under a quali-
17 fied domestic relations order (within the
18 meaning of section 414(p)).

19 “(vi) TRANSFERS TO COST-OF-LIVING
20 ARRANGEMENT NOT TREATED AS DIS-
21 TRIBUTION.—For purposes of this para-
22 graph, the balance to the credit of an em-
23 ployee under a defined contribution plan
24 shall not include any amount transferred
25 from such defined contribution plan to a

1 qualified cost-of-living arrangement (within
2 the meaning of section 415(k)(2)) under a
3 defined benefit plan.

4 “(vii) LUMP-SUM DISTRIBUTIONS OF
5 ALTERNATE PAYEES.—If any distribution
6 or payment of the balance to the credit of
7 an employee would be treated as a lump-
8 sum distribution, then, for purposes of this
9 paragraph, the payment under a qualified
10 domestic relations order (within the mean-
11 ing of section 414(p)) of the balance to the
12 credit of an alternate payee who is the
13 spouse or former spouse of the employee
14 shall be treated as a lump-sum distribu-
15 tion. For purposes of this clause, the bal-
16 ance to the credit of the alternate payee
17 shall not include any amount payable to
18 the employee.”.

19 (2) Section 402(c) (relating to rules applicable
20 to rollovers from exempt trusts) is amended by strik-
21 ing paragraph (10).

22 (3) Paragraph (1) of section 55(c) (defining
23 regular tax) is amended by striking “shall not in-
24 clude any tax imposed by section 402(d) and”.

1 (4) Paragraph (8) of section 62(a) (relating to
2 certain portion of lump-sum distributions from pen-
3 sion plans taxed under section 402(d)) is hereby re-
4 pealed.

5 (5) Section 401(a)(28)(B) (relating to coordina-
6 tion with distribution rules) is amended by striking
7 clause (v).

8 (6) Subparagraph (B)(ii) of section 401(k)(10)
9 (relating to distributions that must be lump-sum dis-
10 tributions) is amended to read as follows:

11 “(ii) LUMP-SUM DISTRIBUTION.—For pur-
12 poses of this subparagraph, the term ‘lump-sum
13 distribution’ means any distribution of the bal-
14 ance to the credit of an employee immediately
15 before the distribution.”.

16 (7) Section 406(c) (relating to termination of
17 status as deemed employee not to be treated as sep-
18 aration from service for purposes of limitation of
19 tax) is hereby repealed.

20 (8) Section 407(c) (relating to termination of
21 status as deemed employee not to be treated as sep-
22 aration from service for purposes of limitation of
23 tax) is hereby repealed.

24 (9) Section 691(c) (relating to deduction for es-
25 tate tax) is amended by striking paragraph (5).

1 (10) Paragraph (1) of section 871(b) (relating
2 to imposition of tax) is amended by striking “section
3 1, 55, or 402(d)(1)” and inserting “section 1 or
4 55”.

5 (11) Subsection (b) of section 877 (relating to
6 alternative tax) is amended by striking “section 1,
7 55, or 402(d)(1)” and inserting “section 1 or 55”.

8 (12) Section 4980A(c)(4) is amended—

9 (A) by striking “to which an election under
10 section 402(e)(4)(B) applies” and inserting
11 “(as defined in section 402(e)(4)(D)) with re-
12 spect to which the individual elects to have this
13 paragraph apply”,

14 (B) by adding at the end the following new
15 flush sentence:

16 “An individual may elect to have this paragraph
17 apply to only one lump-sum distribution.”, and

18 (C) by striking the heading and inserting:

19 “(4) SPECIAL ONE-TIME ELECTION.—”.

20 (13) Section 402(e) is amended by striking
21 paragraph (5).

22 (c) EFFECTIVE DATES.—

23 (1) IN GENERAL.—The amendments made by
24 this section shall apply to taxable years beginning
25 after December 31, 1993.

1 (2) RETENTION OF CERTAIN TRANSITION
 2 RULES.—Notwithstanding any other provision of
 3 this section, the amendments made by this section
 4 shall not apply to any distribution for which the tax-
 5 payer elects the benefits of section 1122 (h)(3) or
 6 (h)(5) of the Tax Reform Act of 1986. For purposes
 7 of the preceding sentence, the rules of sections
 8 402(c)(10) and 402(d) (as in effect before the
 9 amendments made by this Act) shall apply.

10 **SEC. 102. REPEAL OF \$5,000 EXCLUSION OF EMPLOYEES'**
 11 **DEATH BENEFITS.**

12 (a) IN GENERAL.—Subsection (b) of section 101 is
 13 hereby repealed.

14 (b) CONFORMING AMENDMENT.—Subsection (c) of
 15 section 101 is amended by striking “subsection (a) or (b)”
 16 and inserting “subsection (a)”.

17 (c) EFFECTIVE DATE.—The amendments made by
 18 this section shall apply to taxable years beginning after
 19 December 31, 1993.

20 **SEC. 103. SIMPLIFIED METHOD FOR TAXING ANNUITY DIS-**
 21 **TRIBUTIONS UNDER CERTAIN EMPLOYER**
 22 **PLANS.**

23 (a) GENERAL RULE.—Subsection (d) of section 72
 24 (relating to annuities; certain proceeds of endowment and
 25 life insurance contracts) is amended to read as follows:

1 “(d) SPECIAL RULES FOR QUALIFIED EMPLOYER
2 RETIREMENT PLANS.—

3 “(1) SIMPLIFIED METHOD OF TAXING ANNUITY
4 PAYMENTS.—

5 “(A) IN GENERAL.—In the case of any
6 amount received as an annuity under a quali-
7 fied employer retirement plan—

8 “(i) subsection (b) shall not apply,
9 and

10 “(ii) the investment in the contract
11 shall be recovered as provided in this para-
12 graph.

13 “(B) METHOD OF RECOVERING INVEST-
14 MENT IN CONTRACT.—

15 “(i) IN GENERAL.—Gross income
16 shall not include so much of any monthly
17 annuity payment under a qualified em-
18 ployer retirement plan as does not exceed
19 the amount obtained by dividing—

20 “(I) the investment in the con-
21 tract (as of the annuity starting date),
22 by

23 “(II) the number of anticipated
24 payments determined under the table
25 contained in clause (iii) (or, in the

1 case of a contract to which subsection
 2 (c)(3)(B) applies, the number of
 3 monthly annuity payments under such
 4 contract).

5 “(ii) CERTAIN RULES MADE APPLICA-
 6 BLE.—Rules similar to the rules of para-
 7 graphs (2) and (3) of subsection (b) shall
 8 apply for purposes of this paragraph.

9 “(iii) NUMBER OF ANTICIPATED PAY-
 10 MENTS.—

“If the age of the primary annuitant on the annuity starting date is:	The number of anticipated payments is:
Not more than 55	300
More than 55 but not more than 60 ...	260
More than 60 but not more than 65 ...	240
More than 65 but not more than 70 ...	170
More than 70	120

11 “(C) ADJUSTMENT FOR REFUND FEATURE
 12 NOT APPLICABLE.—For purposes of this para-
 13 graph, investment in the contract shall be de-
 14 termined under subsection (c)(1) without re-
 15 gard to subsection (c)(2).

16 “(D) SPECIAL RULE WHERE LUMP SUM
 17 PAID IN CONNECTION WITH COMMENCEMENT
 18 OF ANNUITY PAYMENTS.—If, in connection with
 19 the commencement of annuity payments under
 20 any qualified employer retirement plan, the tax-
 21 payer receives a lump sum payment—

1 “(i) such payment shall be taxable
2 under subsection (e) as if received before
3 the annuity starting date, and

4 “(ii) the investment in the contract
5 for purposes of this paragraph shall be de-
6 termined as if such payment had been so
7 received.

8 “(E) EXCEPTION.—This paragraph shall
9 not apply in any case where the primary annu-
10 itant has attained age 75 on the annuity start-
11 ing date unless there are fewer than 5 years of
12 guaranteed payments under the annuity.

13 “(F) ADJUSTMENT WHERE ANNUITY PAY-
14 MENTS NOT ON MONTHLY BASIS.—In any case
15 where the annuity payments are not made on a
16 monthly basis, appropriate adjustments in the
17 application of this paragraph shall be made to
18 take into account the period on the basis of
19 which such payments are made.

20 “(G) QUALIFIED EMPLOYER RETIREMENT
21 PLAN.—For purposes of this paragraph, the
22 term ‘qualified employer retirement plan’ means
23 any plan or contract described in paragraph
24 (1), (2), or (3) of section 4974(c).

1 “(2) TREATMENT OF EMPLOYEE CONTRIBU-
 2 TIONS UNDER DEFINED CONTRIBUTION PLANS.—
 3 For purposes of this section, employee contributions
 4 (and any income allocable thereto) under a defined
 5 contribution plan may be treated as a separate con-
 6 tract.”.

7 (b) EFFECTIVE DATE.—The amendment made by
 8 this section shall apply in cases where the annuity starting
 9 date is after December 31, 1993.

10 **SEC. 104. REQUIRED DISTRIBUTIONS.**

11 (a) IN GENERAL.—Section 401(a)(9)(C) (defining re-
 12 quired beginning date) is amended to read as follows:

13 “(C) REQUIRED BEGINNING DATE.—For
 14 purposes of this paragraph—

15 “(i) IN GENERAL.—The term ‘re-
 16 quired beginning date’ means April 1 of
 17 the calendar year following the later of—

18 “(I) the calendar year in which
 19 the employee attains age 70½, or

20 “(II) the calendar year in which
 21 the employee retires.

22 “(ii) EXCEPTION.—Subclause (II) of
 23 clause (i) shall not apply—

24 “(I) except as provided in section
 25 409(d), in the case of an employee

1 who is a 5-percent owner (as defined
2 in section 416) with respect to the
3 plan year ending in the calendar year
4 in which the employee attains age
5 70¹/₂, or

6 “(II) for purposes of section 408
7 (a)(6) or (b)(3).

8 “(iii) ACTUARIAL ADJUSTMENT.—In
9 the case of an employee to whom clause
10 (i)(II) applies who retires in a calendar
11 year after the calendar year in which the
12 employee attains age 70¹/₂, the employee’s
13 accrued benefit shall be actuarially in-
14 creased to take into account the period
15 after age 70¹/₂ in which the employee was
16 not receiving any benefits under the plan.

17 “(iv) EXCEPTION FOR GOVERN-
18 MENTAL AND CHURCH PLANS.—Clauses
19 (ii) and (iii) shall not apply in the case of
20 a governmental plan or church plan. For
21 purposes of this clause, the term ‘church
22 plan’ means a plan maintained by a church
23 for church employees, and the term
24 ‘church’ means any church (as defined in
25 section 3121(w)(3)(A)) or qualified church-

1 controlled organization (as defined in sec-
2 tion 3121(w)(3)(B)).”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall apply to years beginning after Decem-
5 ber 31, 1993.

6 **TITLE II—INCREASED ACCESS**
7 **TO PENSION PLANS**

8 **SEC. 201. MODIFICATIONS OF SIMPLIFIED EMPLOYEE PEN-**
9 **SIONS.**

10 (a) INCREASE IN NUMBER OF ALLOWABLE PARTICI-
11 PANTS FOR SALARY REDUCTION ARRANGEMENTS.—Sec-
12 tion 408(k)(6)(B) is amended by striking “25” each place
13 it appears in the text and heading thereof and inserting
14 “100”.

15 (b) REPEAL OF PARTICIPATION REQUIREMENT.—
16 Section 408(k)(6)(A) is amended by striking clause (ii)
17 and by redesignating clauses (iii) and (iv) as clauses (ii)
18 and (iii), respectively.

19 (c) CONFORMING AMENDMENTS.—Clause (ii) of sec-
20 tion 408(k)(6)(C) and clause (ii) of section 408(k)(6)(F)
21 are each amended by striking “subparagraph (A)(iii)” and
22 inserting “subparagraph (A)(ii)”.

23 (d) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to years beginning after Decem-
25 ber 31, 1993.

1 **SEC. 202. TAX EXEMPT ORGANIZATIONS ELIGIBLE UNDER**
2 **SECTION 401(k).**

3 (a) GENERAL RULE.—Subparagraph (B) of section
4 401(k)(4) is amended to read as follows:

5 “(B) STATE AND LOCAL GOVERNMENTS
6 NOT ELIGIBLE.—A cash or deferred arrange-
7 ment shall not be treated as a qualified cash or
8 deferred arrangement if it is part of a plan
9 maintained by a State or local government or
10 political subdivision thereof, or any agency or
11 instrumentality thereof. This subparagraph
12 shall not apply to a rural cooperative plan.”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 this section shall apply to plan years beginning after De-
15 cember 31, 1993, but shall not apply to any cash or de-
16 ferred arrangement to which clause (i) of section
17 1116(f)(2)(B) of the Tax Reform Act of 1986 applies.

18 **SEC. 203. DUTIES OF SPONSORS OF CERTAIN PROTOTYPE**
19 **PLANS.**

20 (a) IN GENERAL.—The Secretary of the Treasury
21 may, as a condition of sponsorship, prescribe rules defin-
22 ing the duties and responsibilities of sponsors of master
23 and prototype plans, regional prototype plans, and other
24 Internal Revenue Service preapproved plans.

25 (b) DUTIES RELATING TO PLAN AMENDMENT, NOTI-
26 FICATION OF ADOPTERS, AND PLAN ADMINISTRATION.—

1 The duties and responsibilities referred to in subsection

2 (a) may include—

3 (1) the maintenance of lists of persons adopting
4 the sponsor's plans, including the updating of such
5 lists not less frequently than annually,

6 (2) the furnishing of notices at least annually
7 to such persons and to the Secretary or his delegate,
8 in such form and at such time as the Secretary shall
9 prescribe,

10 (3) duties relating to administrative services to
11 such persons in the operation of their plans, and

12 (4) other duties that the Secretary considers
13 necessary to ensure that—

14 (A) the master and prototype, regional
15 prototype, and other preapproved plans of
16 adopting employers are timely amended to meet
17 the requirements of the Internal Revenue Code
18 of 1986 or of any rule or regulation of the Sec-
19 retary, and

20 (B) adopting employers receive timely noti-
21 fication of amendments and other actions taken
22 by sponsors with respect to their plans.

1 **TITLE III—NONDISCRIMINATION**
2 **PROVISIONS**

3 **SEC. 301. DEFINITION OF HIGHLY COMPENSATED EMPLOY-**
4 **EES.**

5 (a) IN GENERAL.—Paragraph (1) of section 414(q)
6 (defining highly compensated employee) is amended to
7 read as follows:

8 “(1) IN GENERAL.—The term ‘highly com-
9 pensated employee’ means any employee who—

10 “(A) was a 5-percent owner at any time
11 during the year or the preceding year, or

12 “(B) had compensation for the preceding
13 year from the employer in excess of \$50,000.

14 The Secretary shall adjust the \$50,000 amount
15 under subparagraph (B) at the same time and in the
16 same manner as under section 415(d).”.

17 (b) SPECIAL RULE WHERE NO EMPLOYEES TREAT-
18 ED AS HIGHLY COMPENSATED.—Paragraph (2) of section
19 414(q) is amended to read as follows:

20 “(2) SPECIAL RULE IF NO EMPLOYEE DE-
21 SCRIBED IN PARAGRAPH (1).—

22 “(A) IN GENERAL.—If no employee is
23 treated as a highly compensated employee
24 under paragraph (1), the officer who has the

1 highest compensation for the year shall be
2 treated as a highly compensated employee.

3 “(B) EXCEPTION.—This paragraph shall
4 not apply to any organization exempt from tax
5 under this subtitle with respect to a plan if—

6 “(i) the plan is maintained by more
7 than one employer,

8 “(ii) either—

9 “(I) in the case of a plan to
10 which section 410(b)(6)(E) or 403(b)
11 apply, at least 90 percent of the orga-
12 nization’s nonexcludable employees
13 are eligible to participate in the plan,
14 or

15 “(II) in the case of any other
16 plan, a fair cross section of individuals
17 employed by the organization benefit
18 under the plan,

19 “(iii) all similarly situated partici-
20 pants employed by the organization are eli-
21 gible on a uniform basis for the same bene-
22 fits and features under the plan, and

23 “(iv) the plan was in effect on April
24 1, 1993, and at all times thereafter, except
25 that in the case of a cash or deferred ar-

1 rangement adopted by such organization,
2 the date which is 12 months after the date
3 of enactment of this paragraph shall be
4 substituted for April 1, 1993.”.

5 (c) TREATMENT OF FAMILY MEMBERS.—Paragraph
6 (6) of section 414(q) is hereby repealed.

7 (d) CONFORMING AMENDMENTS.—

8 (1) Paragraphs (4), (5), (8), and (12) of section
9 414(q) are hereby repealed.

10 (2)(A) Section 414(r) is amended by adding at
11 the end thereof the following new paragraph:

12 “(9) EXCLUDED EMPLOYEES.—For purposes of
13 this subsection, the following employees shall be ex-
14 cluded:

15 “(A) Employees who have not completed 6
16 months of service.

17 “(B) Employees who normally work less
18 than 17½ hours per week.

19 “(C) Employees who normally work not
20 more than 6 months during any year.

21 “(D) Employees who have not attained the
22 age of 21.

23 “(E) Except to the extent provided in reg-
24 ulations, employees who are included in a unit
25 of employees covered by an agreement which

1 the Secretary of Labor finds to be a collective
2 bargaining agreement between employee rep-
3 resentatives and the employer.

4 Except as provided by the Secretary, the employer
5 may elect to apply subparagraph (A), (B), (C), or
6 (D) by substituting a shorter period of service,
7 smaller number of hours or months, or lower age for
8 the period of service, number of hours or months, or
9 age (as the case may be) specified in such subpara-
10 graph.”.

11 (B) Subparagraph (A) of section 414(r)(2) is
12 amended by striking “subsection (q)(8)” and insert-
13 ing “paragraph (9)”.

14 (3) Paragraph (17) of section 401(a) is amend-
15 ed by striking the last sentence.

16 (4) Subsection (l) of section 404 is amended by
17 striking the last sentence.

18 (5) Section 1114(c)(4) of the Tax Reform Act
19 of 1986 is amended by adding at the end the follow-
20 ing new sentence: “Any reference in this paragraph
21 to section 414(q) shall be treated as a reference to
22 such section as in effect before the Revenue Act of
23 1992.”.

1 (e) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to years beginning after Decem-
 3 ber 31, 1993.

4 **SEC. 302. MODIFICATION OF ADDITIONAL PARTICIPATION**
 5 **REQUIREMENTS.**

6 (a) GENERAL RULE.—Section 401(a)(26)(A) (relat-
 7 ing to additional participation requirements) is amended
 8 to read as follows:

9 “(A) IN GENERAL.—In the case of a trust
 10 which is a part of a defined benefit plan, such trust
 11 shall not constitute a qualified trust under this sub-
 12 section unless on each day of the plan year such
 13 trust benefits at least the lesser of—

14 “(i) 50 employees of the employer, or

15 “(ii) the greater of—

16 “(I) 40 percent of all employees of the
 17 employer, or

18 “(II) 2 employees (or if there is only
 19 1 employee, such employee).”.

20 (b) SEPARATE LINE OF BUSINESS TEST.—Section
 21 401(a)(26)(G) (relating to separate line of business) is
 22 amended by striking “paragraph (7)” and inserting “para-
 23 graph (2)(A) or (7)”.

1 (c) EFFECTIVE DATE.—The amendment made by
 2 this section shall apply to years beginning after Decem-
 3 ber 31, 1993.

4 **SEC. 303. NONDISCRIMINATION RULES FOR QUALIFIED**
 5 **CASH OR DEFERRED ARRANGEMENTS AND**
 6 **MATCHING CONTRIBUTIONS.**

7 (a) ALTERNATIVE METHODS OF SATISFYING SEC-
 8 TION 401(k) NONDISCRIMINATION TESTS.—Section
 9 401(k) (relating to cash or deferred arrangements) is
 10 amended by adding at the end thereof the following new
 11 paragraph:

12 “(11) ALTERNATIVE METHODS OF MEETING
 13 NONDISCRIMINATION REQUIREMENTS.—

14 “(A) IN GENERAL.—A cash or deferred ar-
 15 rangement shall be treated as meeting the re-
 16 quirements of paragraph (3)(A)(ii) if such ar-
 17 rangement—

18 “(i) meets the contribution require-
 19 ments of subparagraph (B) or (C), and

20 “(ii) meets the notice requirements of
 21 subparagraph (D).

22 “(B) MATCHING CONTRIBUTIONS.—

23 “(i) IN GENERAL.—The requirements
 24 of this subparagraph are met if, under the
 25 arrangement, the employer makes match-

1 ing contributions on behalf of each em-
2 ployee who is not a highly compensated
3 employee in an amount equal to—

4 “(I) 100 percent of the elective
5 contributions of the employee to the
6 extent such elective contributions do
7 not exceed 3 percent of the employee’s
8 compensation, and

9 “(II) 50 percent of the elective
10 contributions of the employee to the
11 extent that such elective contributions
12 exceed 3 percent but do not exceed 5
13 percent of the employee’s compensa-
14 tion.

15 “(ii) RATE FOR HIGHLY COM-
16 PENSATED EMPLOYEES.—The require-
17 ments of this subparagraph are not met if,
18 under the arrangement, the matching con-
19 tribution with respect to any elective con-
20 tribution of a highly compensated employee
21 at any level of compensation is greater
22 than that with respect to an employee who
23 is not a highly compensated employee.

24 “(iii) ALTERNATIVE PLAN DESIGNS.—
25 If the matching contribution with respect

1 to any elective contribution at any specific
2 level of compensation is not equal to the
3 percentage required under clause (i), an
4 arrangement shall not be treated as
5 failing to meet the requirements of
6 clause (i) if—

7 “(I) the level of an employer’s
8 matching contribution does not in-
9 crease as an employee’s elective con-
10 tributions increase, and

11 “(II) the aggregate amount of
12 matching contributions with respect to
13 elective contributions not in excess of
14 such level of compensation is at least
15 equal to the amount of matching con-
16 tributions which would be made if
17 matching contributions were made on
18 the basis of the percentages described
19 in clause (i).

20 “(C) NONELECTIVE CONTRIBUTIONS.—

21 The requirements of this subparagraph are met
22 if, under the arrangement, the employer is re-
23 quired, without regard to whether the employee
24 makes an elective contribution or employee con-
25 tribution, to make a contribution to a defined

1 contribution plan on behalf of each employee
2 who is not a highly compensated employee and
3 who is eligible to participate in the arrangement
4 in an amount equal to at least 3 percent of the
5 employee's compensation.

6 “(D) NOTICE REQUIREMENT.—An ar-
7 rangement meets the requirements of this para-
8 graph if, under the arrangement, each employee
9 eligible to participate is, within a reasonable pe-
10 riod before any year, given written notice of the
11 employee's rights and obligations under the ar-
12 rangement which—

13 “(i) is sufficiently accurate and com-
14 prehensive to appraise the employee of
15 such rights and obligations, and

16 “(ii) is written in a manner calculated
17 to be understood by the average employee
18 eligible to participate.

19 “(E) OTHER REQUIREMENTS.—

20 “(i) WITHDRAWAL AND VESTING RE-
21 STRICTIONS.—An arrangement shall not be
22 treated as meeting the requirements of
23 subparagraph (B) or (C) unless the re-
24 quirements of subparagraphs (B) and (C)
25 of paragraph (2) are met with respect to

1 all employer contributions (including
2 matching contributions).

3 “(ii) SOCIAL SECURITY AND SIMILAR
4 CONTRIBUTIONS NOT TAKEN INTO AC-
5 COUNT.—An arrangement shall not be
6 treated as meeting the requirements of
7 subparagraph (B) or (C) unless such re-
8 quirements are met without regard to sub-
9 section (l), and, for purposes of subsection
10 (l), employer contributions under subpara-
11 graph (B) or (C) shall not be taken into
12 account.

13 “(F) OTHER PLANS.—An arrangement
14 shall be treated as meeting the requirements
15 under subparagraph (A)(i) if any other plan
16 maintained by the employer meets such require-
17 ments with respect to employees eligible under
18 the arrangement.”.

19 (b) ALTERNATIVE METHODS OF SATISFYING SEC-
20 TION 401(m) NONDISCRIMINATION TESTS.—Section
21 401(m) (relating to nondiscrimination test for matching
22 contributions and employee contributions) is amended by
23 redesignating paragraph (10) as paragraph (11) and by
24 adding after paragraph (9) the following new paragraph:

1 “(10) ALTERNATIVE METHOD OF SATISFYING
2 TESTS.—

3 “(A) IN GENERAL.—A defined contribution
4 plan shall be treated as meeting the require-
5 ments of paragraph (2) with respect to match-
6 ing contributions if the plan—

7 “(i) meets the contribution require-
8 ments of subparagraph (B) or (C) of sub-
9 section (k)(11),

10 “(ii) meets the notice requirements of
11 subsection (k)(11)(D), and

12 “(iii) meets the requirements of sub-
13 paragraph (B).

14 “(B) LIMITATION ON MATCHING CON-
15 TRIBUTIONS.—The requirements of this sub-
16 paragraph are met if—

17 “(i) matching contributions on behalf
18 of any employee may not be made with
19 respect to an employee’s contributions or
20 elective deferrals in excess of 6 percent of
21 the employee’s compensation,

22 “(ii) the level of an employer’s match-
23 ing contribution does not increase as an
24 employee’s contributions or elective defer-
25 rals increase, and

1 “(iii) the matching contribution with
 2 respect to any highly compensated em-
 3 ployee at a specific level of compensation is
 4 not greater than that with respect to an
 5 employee who is not a highly compensated
 6 employee.”.

7 (c) YEAR FOR COMPUTING NONHIGHLY COM-
 8 PENSATED EMPLOYEE PERCENTAGE.—

9 (1) CASH OR DEFERRED ARRANGEMENTS.—

10 Clause (ii) of section 401(k)(3)(A) is amended—

11 (A) by striking “such year” and inserting
 12 “the plan year”, and

13 (B) by striking “for such plan year” and
 14 inserting “the preceding plan year”.

15 (2) MATCHING AND EMPLOYEE CONTRIBU-
 16 TIONS.—Section 401(m)(2)(A) is amended—

17 (A) by inserting “for such plan year” after
 18 “highly compensated employee”, and

19 (B) by inserting “for the preceding plan
 20 year” after “eligible employees” each place it
 21 appears in clause (i) and clause (ii).

22 (d) SPECIAL RULE FOR DETERMINING AVERAGE DE-
 23 FERRAL PERCENTAGE FOR FIRST PLAN YEAR, ETC.—

1 (1) Paragraph (3) of section 401(k) is amended
 2 by adding at the end thereof the following new sub-
 3 paragraph:

4 “(E) For purposes of this paragraph, in
 5 the case of the first plan year of any plan, the
 6 amount taken into account as the actual defer-
 7 ral percentage of nonhighly compensated em-
 8 ployees for the preceding plan year shall be—

9 “(i) 3 percent, or

10 “(ii) if the employer makes an election
 11 under this subclause, the actual deferral
 12 percentage of nonhighly compensated em-
 13 ployees determined for such first plan
 14 year.”.

15 (2) Paragraph (3) of section 401(m) is amend-
 16 ed by adding at the end thereof the following:
 17 “Rules similar to the rules of subsection (k)(3)(E)
 18 shall apply for purposes of this subsection.”.

19 (e) DISTRIBUTION OF EXCESS CONTRIBUTIONS.—

20 (1) Subparagraph (C) of section 401(k)(8) (re-
 21 lating to arrangement not disqualified if excess con-
 22 tributions distributed) is amended by striking “on
 23 the basis of the respective portions of the excess con-
 24 tributions attributable to each of such employees”
 25 and inserting “on the basis of the amount of con-

1 tributions by, or on behalf of, each of such employ-
2 ees”.

3 (2) Subparagraph (C) of section 401(m)(6) (re-
4 lating to method of distributing excess aggregate
5 contributions) is amended by striking “on the basis
6 of the respective portions of such amounts attrib-
7 utable to each of such employees” and inserting “on
8 the basis of the amount of contributions on behalf
9 of, or by, each such employee”.

10 (f) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to years beginning after Decem-
12 ber 31, 1993.

13 **TITLE IV—MISCELLANEOUS** 14 **SIMPLIFICATION**

15 **SEC. 401. TREATMENT OF LEASED EMPLOYEES.**

16 (a) GENERAL RULE.—Subparagraph (C) of section
17 414(n)(2) (defining leased employee) is amended to read
18 as follows:

19 “(C) such services are performed under
20 significant direction or control by the recipi-
21 ent.”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 subsection (a) shall apply to years beginning after Decem-
24 ber 31, 1993, but shall not apply to any relationship deter-
25 mined under an Internal Revenue Service ruling issued be-

1 fore the date of the enactment of this Act pursuant to
 2 section 414(n)(2)(C) of the Internal Revenue Code of
 3 1986 (as in effect on the day before such date) not to
 4 involve a leased employee.

5 **SEC. 402. MODIFICATIONS OF COST-OF-LIVING ADJUST-**
 6 **MENTS.**

7 (a) IN GENERAL.—Section 415(d) (relating to cost-
 8 of-living adjustments) is amended to read as follows:

9 “(d) COST-OF-LIVING ADJUSTMENTS.—

10 “(1) IN GENERAL.—The Secretary shall adjust
 11 annually—

12 “(A) the \$90,000 amount in subsection
 13 (b)(1)(A), and

14 “(B) in the case of a participant who sepa-
 15 rated from service, the amount taken into ac-
 16 count under subsection (b)(1)(B),

17 for increases in the cost-of-living in accordance with
 18 regulations prescribed by the Secretary.

19 “(2) METHOD.—

20 “(A) IN GENERAL.—The regulations pre-
 21 scribed under paragraph (1) shall provide for
 22 adjustment procedures which are similar to the
 23 procedures used to adjust benefit amounts
 24 under section 215(i)(2)(A) of the Social Secu-
 25 rity Act.

1 “(B) PERIODS FOR ADJUSTMENT OF DOL-
 2 LAR AMOUNT.—For purposes of paragraph
 3 (1)(A)—

4 “(i) IN GENERAL.—The adjustment
 5 with respect to any calendar year shall be
 6 based on the increase in the applicable
 7 index as of the close of the calendar quar-
 8 ter ending September 30 of the preceding
 9 calendar year over such index as of the
 10 close of the base period.

11 “(ii) BASE PERIOD.—For purposes of
 12 clause (i), the base period is the calendar
 13 quarter beginning October 1, 1986.

14 “(C) BASE PERIOD FOR SEPARATIONS.—
 15 For purposes of paragraph (1)(B), the base pe-
 16 riod is the last calendar quarter of the calendar
 17 year preceding the calendar year in which the
 18 participant separated from service.

19 “(3) ROUNDING.—Any amount determined
 20 under paragraph (1) (or by reference to this sub-
 21 section) shall be rounded to the nearest \$1,000, ex-
 22 cept that the amounts under sections 402(g)(1) and
 23 408(k)(2)(C) shall be rounded to the nearest \$100.”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section apply to adjustments with respect to calendar
3 years beginning after December 31, 1993.

4 **SEC. 403. PLANS COVERING SELF-EMPLOYED INDIVIDUALS.**

5 (a) AGGREGATION RULES.—Section 401(d) (relating
6 to additional requirements for qualification of trusts and
7 plans benefiting owner-employees) is amended to read as
8 follows:

9 “(d) CONTRIBUTION LIMIT ON OWNER-EMPLOY-
10 EES.—A trust forming part of a pension or profit-sharing
11 plan which provides contributions or benefits for employ-
12 ees some or all of whom are owner-employees shall con-
13 stitute a qualified trust under this section only if, in addi-
14 tion to meeting the requirements of subsection (a), the
15 plan provides that contributions on behalf of any owner-
16 employee may be made only with respect to the earned
17 income of such owner-employee which is derived from the
18 trade or business with respect to which such plan is estab-
19 lished.”.

20 (b) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to years beginning after Decem-
22 ber 31, 1993.

1 **SEC. 404. ELIMINATION OF SPECIAL VESTING RULE FOR**
2 **MULTIEMPLOYER PLANS.**

3 (a) IN GENERAL.—Paragraph (2) of section 411(a)
4 (relating to minimum vesting standards) is amended—

5 (1) by striking “subparagraph (A), (B), or (C)”

6 and inserting “subparagraph (A) or (B)”; and

7 (2) by striking subparagraph (C).

8 (b) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to plan years beginning on or after
10 the earlier of—

11 (1) the later of—

12 (A) January 1, 1994, or

13 (B) the date on which the last of the col-
14 lective bargaining agreements pursuant to
15 which the plan is maintained terminates (deter-
16 mined without regard to any extension thereof
17 after the date of the enactment of this Act), or

18 (2) January 1, 1996.

19 Such amendments shall not apply to any individual who
20 does not have more than 1 hour of service under the plan
21 on or after the 1st day of the 1st plan year to which such
22 amendments apply.

1 **SEC. 405. FULL-FUNDING LIMITATION OF MULTIEMPLOYER**
 2 **PLANS.**

3 (a) FULL-FUNDING LIMITATION.—Section
 4 412(c)(7)(C) (relating to full-funding limitation) is
 5 amended—

6 (1) by inserting “or in the case of a multiem-
 7 ployer plan,” after “paragraph (6)(B),”, and

8 (2) by inserting “AND MULTIEMPLOYER PLANS”
 9 after “PARAGRAPH (6)(B)” in the heading thereof.

10 (b) VALUATION.—Section 412(c)(9) is amended—

11 (1) by inserting “(3 years in the case of a mul-
 12 tiemployer plan)” after “year”, and

13 (2) by striking “ANNUAL VALUATION” in the
 14 heading and inserting “VALUATION”.

15 (c) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to years beginning after Decem-
 17 ber 31, 1993.

18 **SEC. 406. ALTERNATIVE FULL-FUNDING LIMITATION.**

19 (a) IN GENERAL.—Subsection (c) of section 412 (re-
 20 lating to minimum funding standards) is amended by re-
 21 designating paragraphs (8) through (11) as paragraphs
 22 (9) through (12), respectively, and by adding after para-
 23 graph (7) the following new paragraph:

24 “(8) ALTERNATIVE FULL-FUNDING LIMITA-
 25 TION.—

1 “(A) GENERAL RULE.—An employer may
2 elect the full-funding limitation under this para-
3 graph with respect to any defined benefit plan
4 of the employer in lieu of the full-funding limi-
5 tation determined under paragraph (7) if the
6 requirements of subparagraphs (C) and (D) are
7 met.

8 “(B) ALTERNATIVE FULL-FUNDING LIM-
9 TATION.—The full-funding limitation under this
10 paragraph is the full-funding limitation deter-
11 mined under paragraph (7) without regard to
12 subparagraph (A)(i)(I) thereof.

13 “(C) REQUIREMENTS RELATING TO PLAN
14 ELIGIBILITY.—

15 “(i) IN GENERAL.—The requirements
16 of this subparagraph are met with respect
17 to a defined benefit plan if—

18 “(I) as of the 1st day of the elec-
19 tion period, the average accrued liabil-
20 ity of participants accruing benefits
21 under the plan for the 5 immediately
22 preceding plan years is at least 80
23 percent of the plan’s total accrued li-
24 ability,

1 “(II) the plan is not a top-heavy
2 plan (as defined in section 416(g)) for
3 the 1st plan year of the election pe-
4 riod or either of the 2 preceding plan
5 years, and

6 “(III) each defined benefit plan
7 of the employer (and each defined
8 benefit plan of each employer who is
9 a member of any controlled group
10 which includes such employer) meets
11 the requirements of subclauses (I) and
12 (II).

13 “(ii) FAILURE TO CONTINUE TO MEET
14 REQUIREMENTS.—

15 “(I) If any plan fails to meet the
16 requirement of clause (i)(I) for any
17 plan year during an election period,
18 the benefits of the election under this
19 paragraph shall be phased out under
20 regulations prescribed by the Sec-
21 retary.

22 “(II) If any plan fails to meet
23 the requirement of clause (i)(II) for
24 any plan year during an election pe-
25 riod, such plan shall be treated as not

1 meeting the requirements of clause (i)
 2 for the remainder of the election pe-
 3 riod.

4 If there is a failure described in subclause
 5 (I) or (II) with respect to any plan, such
 6 plan (and each plan described in clause
 7 (i)(III) with respect to such plan) shall be
 8 treated as not meeting the requirements of
 9 clause (i) for any of the 10 plan years be-
 10 ginning after the election period.

11 “(D) REQUIREMENTS RELATING TO ELEC-
 12 TION.—

13 “(i) IN GENERAL.—The requirements
 14 of this subparagraph are met with respect
 15 to an election if—

16 “(I) FILING DATE.—Notice of
 17 such election is filed with the Sec-
 18 retary (in such form and manner and
 19 containing such information as the
 20 Secretary may provide) by January 1
 21 of any calendar year, and is effective
 22 as of the 1st day of the election period
 23 beginning on or after January 1 of
 24 the following calendar year.

1 “(II) CONSISTENT ELECTION.—

2 Such an election is made for all de-
3 fined benefit plans maintained by the
4 employer or by any member of a con-
5 trolled group which includes the em-
6 ployer.

7 “(ii) TRANSITION PERIOD.—In the
8 case of any election period beginning on or
9 after July 1, 1993, and before January 1,
10 1994, the requirements of clause (i) shall
11 not apply and the requirements of this
12 subparagraph are met with respect to such
13 election period if—

14 “(I) FILING DATE.—Notice of
15 election is filed with the Secretary by
16 October 1, 1993.

17 “(II) INFORMATION.—The notice
18 sets forth the name and tax identifica-
19 tion number of the plan sponsor, the
20 names and tax identification numbers
21 of the plans to which the election ap-
22 plies, the limitation under paragraph
23 (7) (determined with and without re-
24 gard to this paragraph), and a signed
25 certification by an officer of the em-

1 ployer stating that the requirements
2 of this paragraph have been met.

3 “(iii) REVENUE OFFSET PROCE-
4 DURES.—The Secretary shall, by January
5 1, 1994, notify defined benefit plans that
6 have not made an election under this para-
7 graph for the transition period described in
8 clause (ii) of the adjustment required by
9 subparagraph (H). The revenue offset for
10 the transition period shall apply to plan
11 years beginning on or after July 1, 1993,
12 and before January 1, 1994.

13 “(iv) EXCESS CONTRIBUTIONS MADE
14 BY NON-ELECTING PLANS.—To the extent
15 a defined benefit plan sponsor makes a
16 contribution to a defined benefit plan with
17 respect to the transition period described
18 in clause (ii) which exceeds the limitation
19 of paragraph (7), as adjusted by the Sec-
20 retary for the transition period, the spon-
21 sor shall offset the excess contribution
22 against allowable contributions to the plan
23 in subsequent quarters in the taxable year
24 of the sponsor. If no subsequent contribu-
25 tions may be made for the taxable year,

1 the trustee of the defined benefit plan shall
2 return the excess contribution to the spon-
3 sor in that taxable year or the following
4 taxable year. Notwithstanding any other
5 provision of this title, no deduction shall be
6 allowed for any contribution made in ex-
7 cess of the limitation of paragraph (7), as
8 adjusted by the Secretary for the transi-
9 tion period, and no penalty shall apply
10 with respect to contributions made in ex-
11 cess of such limitation to the extent such
12 excess contributions are either used to off-
13 set subsequent contributions, or returned
14 to the plan sponsor, as provided in this
15 clause.

16 “(E) TERM OF ELECTION.—Any election
17 made under this paragraph shall apply for the
18 election period.

19 “(F) OTHER CONSEQUENCES OF ELEC-
20 TION.—

21 “(i) NO FUNDING WAIVERS.—In the
22 case of a plan with respect to which an
23 election is made under this paragraph, no
24 waiver may be granted under subsection
25 (d) for any plan year beginning after the

1 date the election was made and ending at
2 the close of the election period with respect
3 thereto.

4 “(ii) FAILURE TO MAKE SUCCESSIVE
5 ELECTIONS.—If an election is made under
6 this paragraph with respect to any plan
7 and such an election does not apply for
8 each successive plan year of such plan,
9 such plan shall be treated as not meeting
10 the requirements of subparagraph (C) for
11 the period of 10 plan years beginning after
12 the close of the last election period for
13 such plan.

14 “(G) DEFINITIONS.—For purposes of this
15 paragraph—

16 “(i) ELECTION PERIOD.—The term
17 ‘election period’ means the period of 5 con-
18 secutive plan years beginning with the 1st
19 plan year for which the election is made.

20 “(ii) CONTROLLED GROUP.—The term
21 ‘controlled group’ means all persons who
22 are treated as a single employer under sub-
23 section (b), (c), (m), or (o) of section 414.

1 “(H) PROCEDURES IF ALTERNATIVE
2 FUNDING LIMITATION REDUCES NET FEDERAL
3 REVENUES.—

4 “(i) IN GENERAL.—At least once with
5 respect to each fiscal year, the Secretary
6 shall estimate whether the application of
7 this paragraph will result in a net reduc-
8 tion in Federal revenues for such fiscal
9 year.

10 “(ii) ADJUSTMENT OF FULL-FUNDING
11 LIMITATION IF REVENUE SHORTFALL.—If
12 the Secretary estimates that the applica-
13 tion of this paragraph will result in a more
14 than insubstantial net reduction in Federal
15 revenues for any fiscal year, the Sec-
16 retary—

17 “(I) shall make the adjustment
18 described in clause (iii), and

19 “(II) to the extent such adjust-
20 ment is not sufficient to reduce such
21 reduction to an insubstantial amount,
22 shall make the adjustment described
23 in clause (iv).

24 Such adjustments shall apply only to de-
25 fined benefit plans with respect to which

1 an election under this paragraph is not in
2 effect.

3 “(iii) REDUCTION IN LIMITATION
4 BASED ON 150 PERCENT OF CURRENT LI-
5 ABILITY.—The adjustment described in
6 this clause is an adjustment which sub-
7 stitutes a percentage (not lower than 140
8 percent) for the percentage described in
9 paragraph (7)(A)(i)(I) determined by re-
10 ducing the percentage of current liability
11 taken into account with respect to partici-
12 pants who are not accruing benefits under
13 the plan.

14 “(iv) REDUCTION IN LIMITATION
15 BASED ON ACCRUED LIABILITY.—The ad-
16 justment described in this clause is an ad-
17 justment which reduces the percentage of
18 accrued liability taken into account under
19 paragraph (7)(A)(i)(II). In no event may
20 the amount of accrued liability taken into
21 account under such paragraph after the
22 adjustment be less than 140 percent of
23 current liability.”.

24 (b) ALTERATION OF DISCRETIONARY REGULATORY
25 AUTHORITY.—Subparagraph (D) of section 412(c)(7) is

1 amended by striking “provide—” and all that follows
2 through “(iii) for” and inserting “provide for”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall take effect on January 1, 1993.

5 **SEC. 407. DISTRIBUTIONS UNDER RURAL COOPERATIVE**
6 **PLANS.**

7 (a) DISTRIBUTIONS AFTER CERTAIN AGE.—Section
8 401(k)(7) is amended by adding at the end thereof the
9 following new subparagraph:

10 “(C) SPECIAL RULE FOR CERTAIN DISTRIBUTIONS.—A rural cooperative plan which includes a
11 qualified cash or deferred arrangement shall not be
12 treated as violating the requirements of section
13 401(a) merely by reason of a distribution to a par-
14 ticipant after attainment of age 59½.”.

15 (b) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to distributions after the date of
17 the enactment of this Act.

18 **SEC. 408. TREATMENT OF GOVERNMENTAL PLANS UNDER**
19 **SECTION 415.**

20 (a) DEFINITION OF COMPENSATION.—Subsection (k)
21 of section 415 (regarding limitations on benefits and con-
22 tributions under qualified plans) is amended by adding im-
23 mediately after paragraph (2) thereof the following new
24 paragraph:
25

1 “(3) DEFINITION OF COMPENSATION FOR GOV-
 2 ERNMENTAL PLANS.—For purposes of this section,
 3 in the case of a governmental plan (as defined in
 4 section 414(d)), the term ‘compensation’ includes, in
 5 addition to the amounts described in subsection
 6 (c)(3)—

7 “(A) any elective deferral (as defined in
 8 section 402(g)(3)), and

9 “(B) any amount which is contributed by
 10 the employer at the election of the employee
 11 and which is not includible in the gross income
 12 of an employee under section 125 or 457.”.

13 (b) COMPENSATION LIMIT.—Subsection (b) of sec-
 14 tion 415 is amended by adding immediately after para-
 15 graph (10) the following new paragraph:

16 “(11) SPECIAL LIMITATION RULE FOR GOVERN-
 17 MENTAL PLANS.—In the case of a governmental
 18 plan (as defined in section 414(d)), subparagraph
 19 (B) of paragraph (1) shall not apply.”.

20 (c) TREATMENT OF CERTAIN EXCESS BENEFIT
 21 PLANS.—

22 (1) IN GENERAL.—Section 415 is amended by
 23 adding at the end thereof the following new sub-
 24 section:

1 “(m) TREATMENT OF QUALIFIED GOVERNMENTAL
2 EXCESS BENEFIT ARRANGEMENTS.—

3 “(1) GOVERNMENTAL PLAN NOT AFFECTED.—

4 In determining whether a governmental plan (as de-
5 fined in section 414(d)) meets the requirements of
6 this section, benefits provided under a qualified gov-
7 ernmental excess benefit arrangement shall not be
8 taken into account. Income accruing to a govern-
9 mental plan (or to a trust that is maintained solely
10 for the purpose of providing benefits under a quali-
11 fied governmental excess benefit arrangement) in re-
12 spect of a qualified governmental excess benefit ar-
13 rangement shall constitute income derived from the
14 exercise of an essential governmental function upon
15 which such governmental plan (or trust) shall be ex-
16 empt from tax under section 115.

17 “(2) TAXATION OF PARTICIPANT.—For pur-
18 poses of this chapter—

19 “(A) the taxable year or years for which
20 amounts in respect of a qualified governmental
21 excess benefit arrangement are includible in
22 gross income by a participant, and

23 “(B) the treatment of such amounts when
24 so includible by the participant,

1 shall be determined as if such qualified govern-
2 mental excess benefit arrangement were treated as a
3 plan for the deferral of compensation which is main-
4 tained by a corporation not exempt from tax under
5 this chapter and which does not meet the require-
6 ments for qualification under section 401.

7 “(3) QUALIFIED GOVERNMENTAL EXCESS BEN-
8 EFIT ARRANGEMENT.—For purposes of this sub-
9 section, the term ‘qualified governmental excess ben-
10 efit arrangement’ means a portion of a governmental
11 plan if—

12 “(A) such portion is maintained solely for
13 the purpose of providing to participants in the
14 plan that part of the participant’s annual bene-
15 fit otherwise payable under the terms of the
16 plan that exceeds the limitations on benefits im-
17 posed by this section,

18 “(B) under such portion no election is pro-
19 vided at any time to the participant (directly or
20 indirectly) to defer compensation, and

21 “(C) benefits described in subparagraph
22 (A) are not paid from a trust forming a part
23 of such governmental plan unless such trust is
24 maintained solely for the purpose of providing
25 such benefits.”.

1 (2) COORDINATION WITH SECTION 457.—Sub-
 2 section (e) of section 457 is amended by adding at
 3 the end thereof the following new paragraph:

4 “(15) TREATMENT OF QUALIFIED GOVERN-
 5 MENTAL EXCESS BENEFIT ARRANGEMENTS.—Sub-
 6 sections (b)(2) and (c)(1) shall not apply to any
 7 qualified governmental excess benefit arrangement
 8 (as defined in section 415(m)(3)), and benefits pro-
 9 vided under such an arrangement shall not be taken
 10 into account in determining whether any other plan
 11 is an eligible deferred compensation plan.”.

12 (3) CONFORMING AMENDMENT.—Paragraph (2)
 13 of section 457(f) is amended by striking the word
 14 “and” at the end of subparagraph (C), by striking
 15 the period after subparagraph (D) and inserting the
 16 words “, and”, and by inserting immediately there-
 17 after the following new subparagraph:

18 “(E) a qualified governmental excess bene-
 19 fit arrangement described in section 415(m).”.

20 (d) EXEMPTION FOR SURVIVOR AND DISABILITY
 21 BENEFITS.—Paragraph (2) of section 415(b) is amended
 22 by adding at the end thereof the following new subpara-
 23 graph:

24 “(I) EXEMPTION FOR SURVIVOR AND DIS-
 25 ABILITY BENEFITS PROVIDED UNDER GOVERN-

1 MENTAL PLANS.—Subparagraph (B) of para-
2 graph (1), subparagraph (C) of this paragraph,
3 and paragraph (5) shall not apply to—

4 “(i) income received from a govern-
5 mental plan (as defined in section 414(d))
6 as a pension, annuity, or similar allowance
7 as the result of the recipient becoming dis-
8 abled by reason of personal injuries or
9 sickness, or

10 “(ii) amounts received from a govern-
11 mental plan by the beneficiaries, survivors,
12 or the estate of an employee as the result
13 of the death of the employee.”.

14 (e) REVOCATION OF GRANDFATHER ELECTION.—
15 Subparagraph (C) of section 415(b)(10) is amended by
16 adding at the end thereof the following new sentence: “An
17 election made pursuant to the preceding sentence to have
18 the provisions of this paragraph applied to the plan may
19 be revoked not later than the last day of the 3rd plan year
20 beginning after the date of enactment with respect to all
21 plan years as to which such election has been applicable
22 and all subsequent plan years; provided that any amount
23 paid by the plan in a taxable year ending after revocation
24 of such election in respect of benefits attributable to a tax-
25 able year during which such election was in effect shall

1 be includible in income by the recipient in accordance with
2 the rules of this chapter in the taxable year in which such
3 amount is received (except that such amount shall be
4 treated as received for purposes of the limitations imposed
5 by this section in the earlier taxable year or years to which
6 such amount is attributable).”.

7 (f) EFFECTIVE DATE.—

8 (1) IN GENERAL.—The amendments made by
9 subsections (a), (b), (c), and (d) shall apply to tax-
10 able years beginning on or after the date of the en-
11 actment of this Act. The amendments made by sub-
12 section (e) shall apply with respect to election rev-
13 ocations adopted after the date of the enactment of
14 this Act.

15 (2) TREATMENT FOR YEARS BEGINNING BE-
16 FORE DATE OF ENACTMENT.—In the case of a gov-
17 ernmental plan (as defined in section 414(d) of the
18 Internal Revenue Code of 1986), such plan shall be
19 treated as satisfying the requirements of section 415
20 of such Code for all taxable years beginning before
21 the date of the enactment of this Act.

22 **SEC. 409. UNIFORM RETIREMENT AGE.**

23 (a) DISCRIMINATION TESTING.—Paragraph (5) of
24 section 401(a) (relating to special rules relating to non-

1 discrimination requirements) is amended by adding at the
 2 end thereof the following new subparagraph:

3 “(F) SOCIAL SECURITY RETIREMENT
 4 AGE.—For purposes of testing for discrimina-
 5 tion under paragraph (4)—

6 “(i) the social security retirement age
 7 (as defined in section 415(b)(8)) shall be
 8 treated as a uniform retirement age, and

9 “(ii) subsidized early retirement bene-
 10 fits and joint and survivor annuities shall
 11 not be treated as being unavailable to em-
 12 ployees on the same terms merely because
 13 such benefits or annuities are based in
 14 whole or in part on an employee’s social
 15 security retirement age (as so defined).”.

16 (b) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to years beginning after Decem-
 18 ber 31, 1993.

19 **SEC. 410. UNIFORM PENALTY PROVISIONS TO APPLY TO**
 20 **CERTAIN PENSION REPORTING REQUIRE-**
 21 **MENTS.**

22 (a) IN GENERAL.—

23 (1) Paragraph (1) of section 6724(d) is amend-
 24 ed by striking “and” at the end of subparagraph
 25 (A), by striking the period at the end of subpara-

1 graph (B) and inserting “, and”, and by inserting
2 after subparagraph (B) the following new subpara-
3 graph:

4 “(C) any statement of the amount of pay-
5 ments to another person required to be made to
6 the Secretary under—

7 “(i) section 408(i) (relating to reports
8 with respect to individual retirement ac-
9 counts or annuities), or

10 “(ii) section 6047(d) (relating to re-
11 ports by employers, plan administrators,
12 etc.).”.

13 (2) Paragraph (2) of section 6724(d) is amend-
14 ed by striking “or” at the end of subparagraph (R),
15 by striking the period at the end of subparagraph
16 (S) and inserting a comma, and by inserting after
17 subparagraph (S) the following new subparagraphs:

18 “(T) section 408(i) (relating to reports
19 with respect to individual retirement plans) to
20 any person other than the Secretary with re-
21 spect to the amount of payments made to such
22 person, or

23 “(U) section 6047(d) (relating to reports
24 by plan administrators) to any person other

1 than the Secretary with respect to the amount
2 of payments made to such person.”.

3 (b) MODIFICATION OF REPORTABLE DESIGNATED
4 DISTRIBUTIONS.—

5 (1) SECTION 408.—Subsection (i) of section 408
6 (relating to individual retirement account reports) is
7 amended by inserting “aggregating \$10 or more in
8 any calendar year” after “distributions”.

9 (2) SECTION 6047.—Paragraph (1) of section
10 6047(d) (relating to reports by employers, plan ad-
11 ministrators, etc.) is amended by adding at the end
12 thereof the following new sentence: “No return or
13 report may be required under the preceding sentence
14 with respect to distributions to any person during
15 any year unless such distributions aggregate \$10 or
16 more.”

17 (c) QUALIFYING ROLLOVER DISTRIBUTIONS.—Sec-
18 tion 6652(i) is amended—

19 (1) by striking “the \$10” and inserting
20 “\$100”, and

21 (2) by striking “\$5,000” and inserting
22 “\$50,000”.

23 (d) CONFORMING AMENDMENTS.—

24 (1) Paragraph (1) of section 6047(f) is amend-
25 ed to read as follows:

1 “(1) For provisions relating to penalties for failures
 2 to file returns and reports required under this section, see
 3 sections 6652(e), 6721, and 6722.”.

4 (2) Subsection (e) of section 6652 is amended
 5 by adding at the end thereof the following new sen-
 6 tence: “This subsection shall not apply to any return
 7 or statement which is an information return de-
 8 scribed in section 6724(d)(1)(C)(ii) or a payee state-
 9 ment described in section 6724(d)(2)(U).”.

10 (3) Subsection (a) of section 6693 is amended
 11 by adding at the end thereof the following new sen-
 12 tence: “This subsection shall not apply to any report
 13 which is an information return described in section
 14 6724(d)(1)(C)(i) or a payee statement described in
 15 section 6724(d)(2)(T).”.

16 (e) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to returns, reports, and other
 18 statements the due date for which (determined without re-
 19 gard to extensions) is after December 31, 1993.

20 **SEC. 411. CONTRIBUTIONS ON BEHALF OF DISABLED EM-**
 21 **PLOYEES.**

22 (a) ALL DISABLED PARTICIPANTS RECEIVING CON-
 23 TRIBUTIONS.—Section 415(c)(3)(C) is amended by adding
 24 at the end thereof the following: “If a defined contribution
 25 plan provides for the continuation of contributions on be-

1 half of all participants described in clause (i) for a fixed
2 or determinable period, this subparagraph shall be applied
3 without regard to clauses (ii) and (iii).”.

4 (b) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to years beginning after Decem-
6 ber 31, 1993.

7 **SEC. 412. AFFILIATED EMPLOYERS.**

8 (a) IN GENERAL.—For purposes of Treasury Regula-
9 tions section 1.501(c)(9)–2(a)(1), a group of employers
10 shall be deemed to be affiliated if they are substantially
11 all section 501(c)(12) organizations which perform serv-
12 ices (or with respect to which their members perform serv-
13 ices) which are the same or are directly related to each
14 other.

15 (b) SECTION 501(c)(12) ORGANIZATION.—For pur-
16 poses of this section, the term “section 501(c)(12) organi-
17 zation” means—

18 (1) any organization described in section
19 501(c)(12) of the Internal Revenue Code of 1986,

20 (2) any organization providing a service which
21 is the same as a service which is (or could be) pro-
22 vided by an organization described in paragraph (1),

23 (3) any organization described in paragraph (4)
24 or (6) of section 501(c) of such Code, but only if at
25 least 80 percent of the members of the organization

1 are organizations described in paragraph (1) or (2),
2 and

3 (4) any organization which is a national asso-
4 ciation of organizations described in paragraph (1),
5 (2), or (3).

6 An organization described in paragraph (2) (but not in
7 paragraph (1)) shall not be treated as a section 501(c)(12)
8 organization with respect to a voluntary employees' bene-
9 ficiary association unless a substantial number of employ-
10 ers maintaining such association are described in para-
11 graph (1).

12 (c) EFFECTIVE DATE.—The provisions of this section
13 shall apply to years beginning after December 31, 1993.

14 **SEC. 413. SPECIAL RULES FOR PLANS COVERING PILOTS.**

15 (a) GENERAL RULE.—

16 (1) Subparagraph (B) of section 410(b)(3) is
17 amended to read as follows:

18 “(B) in the case of a plan established or
19 maintained by one or more employers to provide
20 contributions or benefits for air pilots employed
21 by one or more common carriers engaged in
22 interstate or foreign commerce or air pilots em-
23 ployed by carriers transporting mail for or
24 under contract with the United States Govern-
25 ment, all employees who are not air pilots.”.

1 (2) Paragraph (3) of section 410(b) is amended
 2 by striking the last sentence and inserting the fol-
 3 lowing new sentence: “Subparagraph (B) shall not
 4 apply in the case of a plan which provides contribu-
 5 tions or benefits for employees who are not air pilots
 6 or for air pilots whose principal duties are not cus-
 7 tomarily performed aboard aircraft in flight.”.

8 (b) EFFECTIVE DATE.—The amendments made by
 9 subsection (a) shall apply to years beginning after Decem-
 10 ber 31, 1993.

11 **SEC. 414. TREATMENT OF DEFERRED COMPENSATION**
 12 **PLANS OF STATE AND LOCAL GOVERNMENTS**
 13 **AND TAX-EXEMPT ORGANIZATIONS.**

14 (a) SPECIAL RULES FOR PLAN DISTRIBUTIONS.—
 15 Paragraph (9) of section 457(e) (relating to other defini-
 16 tions and special rules) is amended to read as follows:

17 “(9) BENEFITS NOT TREATED AS MADE AVAIL-
 18 ABLE BY REASON OF CERTAIN ELECTIONS, ETC.—

19 “(A) TOTAL AMOUNT PAYABLE IS \$3,500
 20 OR LESS.—The total amount payable to a par-
 21 ticipant under the plan shall not be treated as
 22 made available merely because the participant
 23 may elect to receive such amount (or the plan
 24 may distribute such amount without the partici-
 25 pant’s consent) if—

1 “(i) such amount does not exceed
2 \$3,500, and

3 “(ii) such amount may be distributed
4 only if—

5 “(I) no amount has been deferred
6 under the plan with respect to such
7 participant during the 2-year period
8 ending on the date of the distribution,
9 and

10 “(II) there has been no prior dis-
11 tribution under the plan to such par-
12 ticipant to which this subparagraph
13 applied.

14 A plan shall not be treated as failing to
15 meet the distribution requirements of sub-
16 section (d) by reason of a distribution to which
17 this subparagraph applies.

18 “(B) ELECTION TO DEFER COMMENCE-
19 MENT OF DISTRIBUTIONS.—The total amount
20 payable to a participant under the plan shall
21 not be treated as made available merely because
22 the participant may elect to defer commence-
23 ment of distributions under the plan if—

24 “(i) such election is made after
25 amounts may be available under the plan

1 in accordance with subsection (d)(1)(A)
2 and before commencement of such dis-
3 tributions, and

4 “(ii) the participant may make only 1
5 such election.”.

6 (b) COST-OF-LIVING ADJUSTMENT OF MAXIMUM DE-
7 FERRAL AMOUNT.—Subsection (e) of section 457 is
8 amended by adding at the end thereof the following new
9 paragraph:

10 “(14) COST-OF-LIVING ADJUSTMENT OF MAXI-
11 MUM DEFERRAL AMOUNT.—The Secretary shall ad-
12 just the \$7,500 amount specified in subsections
13 (b)(2) and (c)(1) at the same time and in the same
14 manner as under section 415(d), except that the
15 base year in applying such section for purposes of
16 this paragraph shall be 1993.”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years beginning after
19 the date of the enactment of this Act.

20 **SEC. 415. TREATMENT OF EMPLOYER REVERSIONS RE-**
21 **QUIRED BY CONTRACT TO BE PAID TO THE**
22 **UNITED STATES.**

23 (a) IN GENERAL.—Subparagraph (B) of section
24 4980(c)(2) (defining employer reversion) is amended by
25 striking “or” at the end of clause (i), by striking the pe-

1 riod at the end of clause (ii) and inserting “, or”, and
 2 by adding at the end thereof the following new clause:

3 “(iii) any distribution to the employer
 4 to the extent that the distribution is paid
 5 within a reasonable period to the United
 6 States in satisfaction of a Federal claim
 7 for an equitable share of the plan’s surplus
 8 assets, as determined pursuant to Federal
 9 contracting regulations.”.

10 (b) EFFECTIVE DATE.—The amendment made by
 11 subsection (a) shall apply to reversions on or after the date
 12 of the enactment of this Act.

13 **SEC. 416. CONTINUATION HEALTH COVERAGE FOR EM-**
 14 **PLOYEES OF FAILED FINANCIAL INSTITU-**
 15 **TIONS.**

16 (a) ENFORCEMENT OF CONTINUATION OF HEALTH
 17 PLAN REQUIREMENTS OF ACQUIRERS OF FAILED DEPOS-
 18 ITORY INSTITUTIONS.—Subsection (f) of section 4980B
 19 (relating to continuation of coverage requirements of
 20 group health plans) is amended by adding at the end
 21 thereof the following new paragraph:

22 “(9) SPECIAL RULES FOR ACQUIRERS OF
 23 FAILED DEPOSITORY INSTITUTIONS.—

1 “(A) IN GENERAL.—Except as provided in
2 subparagraph (B), any acquirer of a failed de-
3 pository institution—

4 “(i) shall have the same obligation to
5 provide a group health plan meeting the
6 requirements of this subsection with re-
7 spect to qualified individuals of such insti-
8 tution as the failed depository institution
9 would have had but for its failure, and

10 “(ii) shall be treated as the employer
11 of such qualified individuals for purposes
12 of this section.

13 “(B) TAX NOT TO APPLY IF FDIC OR RTC
14 PROVIDE CONTINUATION COVERAGE.—No per-
15 son shall be subject to any liability under this
16 section by reason of being an acquirer of a
17 failed depository institution if the Federal De-
18 posit Insurance Corporation or the Resolution
19 Trust Corporation elects to relieve such
20 acquirer from its obligations under subpara-
21 graph (A). In any such case, the requirements
22 of subparagraph (A) shall apply to the Federal
23 Deposit Insurance Corporation or the Resolu-
24 tion Trust Corporation, as the case may be.

1 “(C) ACQUIRER.—For purposes of this
 2 paragraph, an entity is an acquirer of a failed
 3 depository institution during any period if—

4 “(i) such entity holds substantially all
 5 of the assets or liabilities of such institu-
 6 tion, and

7 “(ii)(I) such entity is a bridge bank,
 8 or

9 “(II) such entity acquired such assets
 10 or liabilities from the Federal Deposit In-
 11 surance Corporation, the Resolution Trust
 12 Corporation, or a bridge bank.

13 “(D) FAILED DEPOSITORY INSTITUTION.—
 14 For purposes of this section, the term ‘failed
 15 depository institution’ means any depository in-
 16 stitution (as defined in section 3(c) of the Fed-
 17 eral Deposit Insurance Act) for which a receiver
 18 or conservator has been appointed.

19 “(E) QUALIFIED INDIVIDUAL.—For pur-
 20 poses of this section, the term ‘qualified individ-
 21 ual’ means—

22 “(i) any individual who was, on the
 23 day before the date of the appointment of
 24 the receiver or conservator, provided cov-
 25 erage under a group health plan of the

1 failed depository institution by reason of
 2 the performance of services for such insti-
 3 tution, and

4 “(ii) any individual who was, on such
 5 day, a beneficiary under such plan as the
 6 spouse or dependent child of the individual
 7 described in clause (i).”.

8 (b) TREATMENT OF DEPOSITORY INSTITUTION FAIL-
 9 URES AS QUALIFYING EVENTS FOR RETIREES OF SUCH
 10 INSTITUTIONS.—

11 (1) IN GENERAL.—Subparagraph (B) of section
 12 4980B(f)(3) is amended—

13 (A) by striking “The termination” and in-
 14 serting “(i) The termination”,

15 (B) by striking the period at the end and
 16 inserting “, or”, and

17 (C) by inserting after clause (i) the follow-
 18 ing new clause:

19 “(ii) the appointment of a receiver or
 20 conservator for a failed depository institu-
 21 tion from whose employment the covered
 22 employee retired at any time.”.

23 (2) CONFORMING AMENDMENT.—Subclause (I)
 24 of section 4980B(f)(2)(B)(i) is amended by striking
 25 “AND REDUCED HOURS” and inserting “, REDUCED

1 HOURS, AND FAILURES OF DEPOSITORY INSTITU-
2 TIONS”.

3 (c) EFFECTIVE DATES.—

4 (1) IN GENERAL.—Except as provided in para-
5 graph (2), the amendments made by this section
6 shall apply as if included in section 451 of the Fed-
7 eral Deposit Insurance Corporation Improvement
8 Act of 1991 as of the date of the enactment of such
9 Act.

10 (2) LIABILITY OF FDIC.—In the case of the
11 Federal Deposit Insurance Corporation or any
12 acquirer from such Corporation, the amendments
13 made by this section shall apply only to failed depos-
14 itory institutions for which the receiver or conserva-
15 tor is appointed after the date of the enactment of
16 this Act.

17 (3) SPECIAL RULE FOR COVERAGE UNDER FDIC
18 PLAN.—Effective as of the date of the enactment of
19 the Federal Deposit Insurance Corporation Improve-
20 ment Act of 1991, coverage under the health care
21 continuation plan maintained by the Federal Deposit
22 Insurance Corporation on June 25, 1992, and any
23 other substantially similar plan maintained by such
24 Corporation, shall be deemed to satisfy the obliga-
25 tions of the Federal Deposit Insurance Corporation

1 (and any acquirer from such Corporation) under sec-
 2 tion 4980B(f) of the Internal Revenue Code of 1986
 3 and section 451 of the Federal Deposit Insurance
 4 Corporation Improvement Act of 1991 with respect
 5 to qualified individuals of failed depository institu-
 6 tions.

7 **SEC. 417. NATIONAL COMMISSION ON PRIVATE PENSION**
 8 **PLANS.**

9 (a) IN GENERAL.—Chapter 77 is amended by adding
 10 at the end the following new section:

11 **“SEC. 7524. NATIONAL COMMISSION ON PRIVATE PENSION**
 12 **PLANS.**

13 “(a) ESTABLISHMENT.—There is hereby established
 14 a commission to be known as the National Commission
 15 on Private Pension Plans (in this section referred to as
 16 the ‘Commission’).

17 “(b) MEMBERSHIP.—

18 “(1) The Commission shall consist of—

19 “(A) 6 members to be appointed by the
 20 President;

21 “(B) 6 members to be appointed by the
 22 Speaker of the House of Representatives; and

23 “(C) 6 members to be appointed by the
 24 Majority Leader of the Senate.

1 “(2) The appointments made pursuant to sub-
 2 paragraphs (B) and (C) of paragraph (1) shall be
 3 made in consultation with the chairmen of the com-
 4 mittees of the House of Representatives and the
 5 Senate, respectively, having jurisdiction over relevant
 6 Federal pension programs.

7 “(c) DUTIES AND FUNCTIONS OF COMMISSION; PUB-
 8 LIC HEARINGS IN DIFFERENT GEOGRAPHICAL AREAS;
 9 BROAD SPECTRUM OF WITNESSES AND TESTIMONY.—

10 “(1) It shall be the duty and function of the
 11 Commission to conduct the studies and issue the re-
 12 port required by subsection (d).

13 “(2) The Commission (and any committees that
 14 it may form) may conduct public hearings in order
 15 to receive the views of a broad spectrum of the pub-
 16 lic on the status of the Nation’s private retirement
 17 system.

18 “(d) REPORT TO THE PRESIDENT AND CONGRESS;
 19 RECOMMENDATIONS.—The Commission shall submit to
 20 the President, to the Majority Leader and the Minority
 21 Leader of the Senate, and to the Majority Leader and the
 22 Minority Leader of the House of Representatives a report
 23 no later than September 1, 1994, reviewing existing Fed-
 24 eral incentives and programs that encourage and protect
 25 private retirement savings. The final report shall also set

1 forth recommendations where appropriate for increasing
2 the level and security of private retirement savings.

3 “(e) TIME OF APPOINTMENT OF MEMBERS; VACAN-
4 CIES; ELECTION OF CHAIRMAN; QUORUM; CALLING OF
5 MEETINGS; NUMBER OF MEETINGS; VOTING; COMPENSA-
6 TION AND EXPENSES.—

7 “(1)(A) Members of the Commission shall be
8 appointed during the period for terms ending on
9 September 1, 1994.

10 “(B) A vacancy in the Commission shall not af-
11 fect its powers, but shall be filled in the same man-
12 ner as the vacant position was first filled.

13 “(2) The Commission shall elect 1 of its mem-
14 bers to serve as Chairman of the Commission.

15 “(3) A majority of the members of the Commis-
16 sion shall constitute a quorum for the transaction of
17 business.

18 “(4) The Commission shall meet at the call of
19 the Chairman.

20 “(5) Decisions of the Commission shall be ac-
21 cording to the vote of a simple majority of those
22 present and voting at a properly called meeting.

23 “(6) Members of the Commission shall serve
24 without compensation, but shall be reimbursed for
25 travel, subsistence, and other necessary expenses in-

1 curred in the performance of their duties as mem-
2 bers of the Commission.

3 “(f) EXECUTIVE DIRECTOR AND ADDITIONAL PER-
4 SONNEL; APPOINTMENT AND COMPENSATION; CONSULT-
5 ANTS.—

6 “(1) The Commission shall appoint an Execu-
7 tive Director of the Commission. In addition to the
8 Executive Director, the Commission may appoint
9 and fix the compensation of such personnel as it
10 deems advisable. Such appointments and compensa-
11 tion may be made without regard to the provisions
12 of title 5, United States Code, that govern appoint-
13 ments in the competitive service, and the provisions
14 of chapter 51 and subchapter III of chapter 53 of
15 such title that relate to classifications and the Gen-
16 eral Schedule pay rates.

17 “(2) The Commission may procure such tem-
18 porary and intermittent services of consultants
19 under section 3109(b) of title 5, United States Code,
20 as the Commission determines to be necessary to
21 carry out the duties of the Commission.

22 “(g) TIME AND PLACE OF HEARINGS AND NATURE
23 OF TESTIMONY AUTHORIZED.—In carrying out its duties,
24 the Commission, or any duly organized committee thereof,
25 is authorized to hold such hearings, sit and act at such

1 times and places, and take such testimony, with respect
2 to matters for which it has a responsibility under this sec-
3 tion, as the Commission or committee may deem advisable.

4 “(h) DATA AND INFORMATION FROM OTHER AGEN-
5 CIES AND DEPARTMENTS.—

6 “(1) The Commission may secure directly from
7 any department or agency of the United States such
8 data and information as may be necessary to carry
9 out its responsibilities.

10 “(2) Upon request of the Commission, any such
11 department or agency shall furnish any such data or
12 information.

13 “(i) SUPPORT SERVICES BY GENERAL SERVICES AD-
14 MINISTRATION.—The General Services Administration
15 shall provide to the Commission, on a reimbursable basis,
16 such administrative support services as the Commission
17 may request.

18 “(j) AUTHORIZATION OF APPROPRIATIONS.—There
19 are authorized to be appropriated for each of fiscal years
20 1993 and 1994, such sums as may be necessary to carry
21 out this section.

22 “(k) DONATIONS ACCEPTED AND DEPOSITED IN
23 TREASURY IN SEPARATE FUND; EXPENDITURES.—

24 “(1) The Commission is authorized to accept
25 donations of money, property, or personal services.

1 Funds received from donations shall be deposited in
2 the Treasury in a separate fund created for this pur-
3 pose. Funds appropriated for the Commission and
4 donated funds may be expended for such purposes
5 as official reception and representation expenses,
6 public surveys, public service announcements, prepa-
7 ration of special papers, analyses, and documen-
8 taries, and for such other purposes as determined by
9 the Commission to be in furtherance of its mission
10 to review national issues affecting private pension
11 plans.

12 “(2) Expenditures of appropriated and donated
13 funds shall be subject to such rules and regulations
14 as may be adopted by the Commission and shall not
15 be subject to Federal procurement requirements.

16 “(l) PUBLIC SURVEYS.—The Commission is author-
17 ized to conduct such public surveys as it deems necessary
18 in support of its review of national issues affecting private
19 pension plans and, in conducting such surveys, the Com-
20 mission shall not be deemed to be an “agency” for the
21 purpose of section 3502 of title 44, United States Code.”.

22 (b) CONFORMING AMENDMENT.—The table of sec-
23 tions for chapter 77 is amended by adding at the end the
24 following new item:

“Sec. 7524. National Commission on Private Pension Plans.”.

1 **SEC. 418. DATE FOR ADOPTION OF PLAN AMENDMENTS.**

2 If any amendment made by this Act requires an
3 amendment to any plan, such plan amendment shall not
4 be required to be made before the first day of the first
5 plan year beginning on or after January 1, 1995, if—

6 (1) during the period after such amendment
7 takes effect and before such first plan year, the plan
8 is operated in accordance with the requirements of
9 such amendment, and

10 (2) such plan amendment applies retroactively
11 to such period.

○